

City Service Area

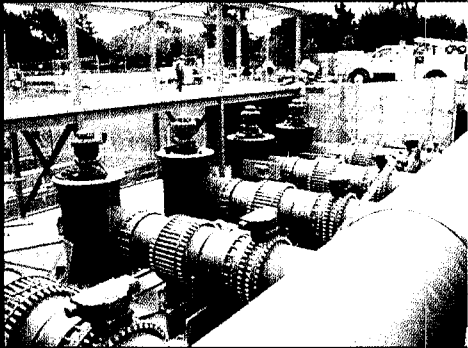
Environmental and Utility Services

Mission: Provide environmental leadership through policy development, program design and reliable utility services.

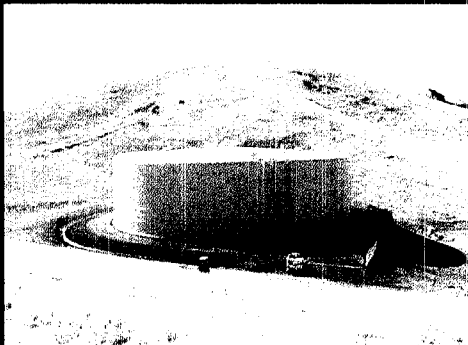
In 2004-2005, the Water Pollution Control Plant awarded the \$88.8 million Reliability Improvements Project. Construction began in April 2005 and is scheduled for completion in 2008-2009. It will increase peak flow capacity to 400 million gallons per day. Other projects, currently underway, include a study to address the Plant's aging electrical system and implementation of alternative disinfection treatment.

The South Bay Water Recycling Program awarded construction for two water tanks with a storage capacity of 5.5 million gallons, and construction of 5,000 feet of 24-inch transmission water main. These projects will increase the efficiency and reliability of the recycled water distribution system, and will support the City's flow reduction programs and storm permit compliance. The Water Utility System completed construction of the North Coyote Valley Water System and began service to Metcalf Energy Center (MEC). Approximately 2,400 feet of water mains in old Evergreen neighborhoods are scheduled for replacement.

The Storm Sewer program has developed a storm pump station rehabilitation program to replace or rehabilitate the oldest and least reliable pump stations. The program will also broaden its scope from enhancing drainage capacity to addressing the drainage needs in special corridors, such as residential neighborhoods, safe routes to school, and neighborhood business districts. The Sanitary Sewer Program will expand the existing sewer rehabilitation program efforts into neighborhood sewer collection systems.



**Rincon Storm System Pump
Station, Phase II**



**Municipal Water System
New Reservoir in Coyote Valley**

CSA CAPITAL PROGRAMS

- Sanitary Sewer System Capital Program
- Storm Sewer System Capital Program
- Water Pollution Control Capital Program
- Water Utility System Capital Program

City Service Area **Environmental and Utility Services**

Recent Accomplishments

- Completed the following projects: Monterey-Riverside Sanitary Sewer Rehabilitation Phases III and IV, 60-inch RCP Interceptor Rehabilitation Phase VB, and the Lower Silver Creek Sanitary Sewer Realignment projects.
- Began construction on the Plant Reliability Improvements project to increase Plant capacity.
- Achieved beneficial use of the construction of the North San José Rincon Storm System Improvements, Phase II.
- Substantial progress in the construction of the San Tomas Expressway Trunk Sanitary Sewer Phase II project, and the Citywide Sanitary Sewer Master Plan/Capacity Enhancement.
- Construction of a 3.6 million gallon water tank in Coyote Valley is complete. Construction started on three wells in Coyote Valley to supply MEC and other developments.

Program Highlights

Sanitary Sewer System Capital Program

2006-2010 Adopted CIP: \$114.3 million

Neighborhood Sanitary Sewer Rehabilitation Projects:

Hobson-Walnut Area, Rosemary Area, Almaden-Vine Area, University Area, East San José Area, and Lincoln-Willow Area.

Sanitary Sewer Interceptor/Capacity Improvement Projects

- Fourth Interceptor Phase VI and VII
- 84" RCP Interceptor Rehabilitation project
- Edenvale Supplement Phase VA and VB

Storm Sewer System Capital Program

2006-2010 Adopted CIP: \$13.7 million

Storm Drain Improvement Projects:

- Albany-Kiely - Phases II through IV
- Chateau Drive Storm Drain Improvement, Phases I and II
- Storm Drainage Improvements – Special Corridors
- Storm Pump Station Rehab and Replacements
- Willow Glen-Guadalupe - Phases II and III

Water Pollution Control Capital Program

2006-2010 Adopted CIP: \$132.4 million

Plant Reliability Improvements: Project consisting of construction of parallel headworks to increase Plant reliability was awarded February 2005 and scheduled for completion in 2009.

Water Utility System Capital Program

2006-2010 Adopted CIP: \$25.8 million

- Construction of 2,000 gallon per minute well in Edenvale
- Construction of 5,000 foot main along North First Street
- Update of the Evergreen Area Hydraulics Model

CSA OUTCOMES (Supported by the Capital Programs)

- ✓ Reliable Utility Infrastructure
- ✓ Healthy Streams, Rivers, Marsh and Bay
- ✓ "Clean and Green" Air, Land and Energy
- ✓ Safe, Reliable and Sufficient Water Supply

City Service Area Environmental and Utility Services

Performance Measures

San José's approach to capital project delivery has transitioned from a department level delivery system to a City Service Area (CSA) delivery system during the last few years. A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program and adopted for each individual CSA. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction. Please see the Budget Guide section narrative for additional information on capital performance measurements.

Outcome: Reliable Utility Infrastructure

5 Year Strategic Goals		2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	88% 22/25	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	86% 6/7	90%	90%
	3. project delivery costs (exclusive of city-wide overhead) as % of total construction costs for completed projects with construction costs:					
	less than \$500,000-	31%	31%	38%	31%	31%
	between \$500,000 and \$3M-	23%	23%	32%	23%	23%
	greater than \$3M-	15%	15%	N/A***	15%	15%
	Total (all construction costs)-		34%	34%		
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	63%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	TBD****	85%	85%

Notes:

- * Projects are considered to be "delivered" when they are available for their intended use.
- ** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.
- *** No projects in this category.
- **** Data is being collected and will be presented with actual results for 2004-2005 in fall 2005.

In 2004-2005, the Environmental and Utility Services CSA delivered an estimated 88% of projects within two months of the approved baseline schedule, which is slightly ahead of the one-year target of 85%. This CSA has seen a steady improvement in its on-time delivery of capital projects as staff makes a very proactive effort to address issues that may impact timely project delivery. Primary causes for project delays are in the acquisition of land or easements and in coordination with utility companies for new services or in relocating their facilities out

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Performance Measures (Cont'd.)

of the way of the City's improvements. In addition, numerous project schedules have been impacted by unseasonably wet weather that caused construction delays as crews wait for construction sites to dry out.

Of the estimated seven projects accepted during 2004-2005, six projects (86%) were delivered within their original baseline budget, which is slightly below the one-year target of 90%. The CSA is working to improve the schedule and cost estimating process to strive to meet the performance targets. As a result, no changes in the on-time or on-budget targets for 2005-2006 or 2006-2007 are currently recommended.

This is the first fiscal year in which project delivery cost results are being presented. As previously reported, the City changed to a new accounting system during the last few years, allowing project expenditures to be accounted by phases and enabling delivery costs to be calculated. Results have been calculated based on the five projects accepted during 2004-2005 for which data is available under the new cost accounting structure. While this relatively small sample size may not be representative of overall delivery performance, staff continues to identify opportunities to make improvements to project delivery in order to bring delivery costs more in-line with targets.

The first operations, maintenance and customer satisfaction surveys were conducted this year. Because these performance measurements are new, staff conducted surveys on a representative sample of projects to assess the surveying process. Preliminary survey results for the operations & maintenance measurement indicate a potential for improved coordination with facility operators and maintenance staff in the design of capital facilities. Staff will continue to analyze survey results to determine improvements that could be incorporated into future projects. Staff is also evaluating more effective methods of conducting these surveys, including improvements to the structure and format, which will yield a higher percentage of returned surveys.

Staff is continuing to collect data on performance measurements and will be reporting final year-end results in the fall.

Capital Program Summary by City Service Area

Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
<u>Sanitary Sewer System</u>					
<u>Capital Program</u>					
30" Old Bayshore Supplement		3,907,000	3,907,000	3rd Qtr. 2008	2nd Qtr. 2010
60" Brick Interceptor, Phase IB	2,879,000	3,169,000	35,906,382	3rd Qtr. 2001	4th Qtr. 2006
84" RCP Interceptor, Phases VB, VIB, VII, & VIIA	392,000	9,442,000	19,192,021	3rd Qtr. 2004	1st Qtr. 2007
City Hall Furniture, Fixtures and Equipment	6,000	198,000	198,000	N/A	N/A
City Hall Occupancy	17,000	85,000	85,000	N/A	N/A
City Hall Operating and Maintenance	18,000	99,000	99,000	N/A	N/A
East San José	263,000	282,000	4,206,000	1st Qtr. 2003	3rd Qtr. 2006
Edenvale Sanitary Sewer Supplement, Phases VA and VB	17,407,000	26,391,000	28,222,000	2nd Qtr. 2001	3rd Qtr. 2008
Fee Administration	63,000	336,000	*	Ongoing	Ongoing
Flow Monitoring Program (Master Planning)	2,050,000	7,070,000	*	Ongoing	Ongoing
Forest-Rosa Sewer	2,010,000	2,056,000	7,862,000	3rd Qtr. 2004	1st Qtr. 2007
Fourth Interceptor, Phases VI & VII	900,000	16,455,000	72,028,000	3rd Qtr. 2006	2nd Qtr. 2010
Gateway East Sanitary Sewer Improvements	100,000	100,000	350,000	1st Qtr. 2005	2nd Qtr. 2006
Geographic Information System (GIS)	186,000	340,000	*	Ongoing	Ongoing
Hobson-Walnut Area	958,000	1,165,000	1,175,000	1st Qtr. 2005	1st Qtr. 2007
Inflow and Infiltration Reduction	3,350,000	8,850,000	*	Ongoing	Ongoing
Miscellaneous Projects	700,000	3,900,000	*	Ongoing	Ongoing
Miscellaneous Rehabilitation Projects	5,500,000	16,100,000	*	Ongoing	Ongoing
Monterey-Riverside Sewer, Phase V		1,877,000	9,112,000	3rd Qtr. 2007	2nd Qtr. 2009
Monterey-Riverside Supplement	150,000	150,000	8,041,000	1st Qtr. 1998	3rd Qtr. 2004
Payments to West Valley Sanitation District	10,000	50,000	*	Ongoing	Ongoing
Permit Review and Inspection for Outside Agencies	75,000	375,000	*	Ongoing	Ongoing
Preliminary Engineering	700,000	3,675,000	*	Ongoing	Ongoing
Program Management	400,000	2,095,000	*	Ongoing	Ongoing
Public Works Engineering Services Equipment (Materials Lab)	35,000	189,000	*	Ongoing	Ongoing
Rosemary Area	1,007,000	1,087,000	1,223,000	3rd Qtr. 2002	3rd Qtr. 2006
San Tomas Aquino Creek Trunk	172,000	172,000	2,498,000	2nd Qtr. 2004	2nd Qtr. 2006

Capital Program Summary by City Service Area

Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
<u>Sanitary Sewer System</u> (Cont'd.)					
<u>Capital Program</u>					
San Tomas Expressway Trunk	69,000	69,000	5,744,000	3rd Qtr. 2001	2nd Qtr. 2005
Trimble-Morrill Sewer	50,000	50,000	3,182,000	3rd Qtr. 2002	2nd Qtr. 2004
Willow-Union Trunk Sewer	2,030,000	2,309,000	2,429,000	3rd Qtr. 2004	2nd Qtr. 2007
Total: Construction/Non-Construction	41,497,000	112,043,000			
Ending Fund Balance	5,270,486	2,212,486 **			
Total: Sanitary Sewer System Capital Program	46,767,486	114,255,486 **			
 <u>Storm Sewer System</u>					
<u>Capital Program</u>					
Albany-Kiely Storm Drainage Improvement, Phase II, III, & IV	434,000	2,263,000	4,355,000	1st Qtr. 2004	4th Qtr. 2005
Alma Neighborhood Storm Drain Improvements	50,000	50,000	50,000	TBD	TBD
Chateau Drive Storm Drain Improvement, Phase I & II	151,000	1,332,000	1,332,000	3rd Qtr. 2005	2nd Qtr. 2007
City Hall Furniture, Fixtures and Equipment	2,000	10,000	10,000	N/A	N/A
City Hall Occupancy		16,000	16,000	N/A	N/A
City Hall Operations and Maintenance	1,000	9,000	9,000	N/A	N/A
Fee Administration	12,000	54,000	*	Ongoing	Ongoing
Flow Monitoring System	9,000	45,000	*	Ongoing	Ongoing
Fremont Storm Drain Improvement	108,000	108,000	400,000	3rd Qtr. 2004	1st Qtr. 2006
Geographic Information Systems	8,000	40,000	*	Ongoing	Ongoing
Guadalupe River Park Outfalls	235,000	235,000	250,000	N/A	N/A
Master Planning	210,000	250,000	*	Ongoing	Ongoing
Minor Neighborhood Storm Drain Improvements	900,000	1,600,000	*	Ongoing	Ongoing
Miscellaneous Projects	300,000	1,450,000	*	Ongoing	Ongoing
Permit Review and Inspection for Outside Agencies	25,000	125,000	*	Ongoing	Ongoing
Preliminary Engineering	100,000	340,000	*	Ongoing	Ongoing
Program Management	100,000	340,000	*	Ongoing	Ongoing

Capital Program Summary by City Service Area

Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
Storm Sewer System (Cont'd.)					
Capital Program					
Reserve for Alma Storm Drain	693,000	693,000	693,000	TBD	TBD
Rincon Pump Station	1,974	1,974	16,974	N/A	N/A
Rincon Storm System Improvements, Phase II	550,000	550,000	*	Ongoing	Ongoing
Ross-Guadalupe Storm Drain Improvements		401,000	401,000	3rd Qtr. 2009	2nd Qtr. 2010
Storm Drainage Improvements - Special Corridors	502,000	502,000	502,000	3rd Qtr. 2005	2nd Qtr. 2006
Storm Pump Station Rehab & Replacement	502,000	1,004,000	*	Ongoing	Ongoing
Willow Glen-Guadalupe, Phase II & III	245,000	1,812,000	3,764,704	3rd Qtr. 2002	3rd Qtr. 2005
Total: Construction/Non-Construction	5,138,974	13,230,974			
Ending Fund Balance	872,750	490,750 **			
Total: Storm Sewer System Capital Program	6,011,724	13,721,724 **			
Water Pollution Control					
Capital Program					
Alternative Disinfection		4,500,000	5,100,000	2nd Qtr. 2004	2nd Qtr. 2008
Arbitrage Rebate Payment	300,000	300,000	400,000	2nd Qtr. 2004	2nd Qtr. 2006
City Hall Furniture, Fixtures and Equipment	12,000	60,000	60,000	N/A	N/A
City Hall Occupancy	4,000	141,000	141,000	N/A	N/A
City Hall Operating and Maintenance	13,000	70,000	70,000	N/A	N/A
Dissolved Air Flotation Pressure Retention Tank & Valves	402,000	1,206,000	1,607,000	3rd Qtr. 2004	3rd Qtr. 2010
Equipment Replacement	1,600,000	7,700,000	*	Ongoing	Ongoing
Inactive Lagoons Bio-Solids Removal		500,000	1,853,000	3rd Qtr. 2002	2nd Qtr. 2010
Land Management & improvements	150,000	5,600,000	25,835,776	2nd Qtr. 1997	2nd Qtr. 2012
Payment for Clean Water Financing Authority Trustee	70,000	610,000	*	Ongoing	Ongoing
Plant Electrical Reliability		17,027,000	67,652,000	3rd Qtr. 2008	2nd Qtr. 2015
Plant Infrastructure Improvements	8,418,000	29,516,000	*	Ongoing	Ongoing
Replace Generators 1-5 (Power and Air Building)		1,000,000	13,000,000	3rd Qtr. 2008	4th Qtr. 2014

Capital Program Summary by City Service Area

Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
<u>Water Pollution Control</u> (Cont'd.)					
<u>Capital Program</u>					
Reserve for Equipment Replacement	5,000,000	5,000,000	5,000,000	N/A	N/A
Reserve for GRS Agreement	1,500,000	1,500,000	1,500,000	3rd Qtr. 2002	2nd Qtr. 2008
Reserve for Rate Studies	200,000	200,000	200,000	N/A	N/A
Revised South Bay Action Plan - Industrial Recycle/Reuse	100,000	400,000	1,132,803	3rd Qtr. 1999	2nd Qtr. 2010
Revised South Bay Action Plan - SBWR Extension	20,391,000	21,955,000	*	Ongoing	Ongoing
South Bay Water Recycling Program	200,000	200,000	117,361,207	Multi-Phase	Multi-Phase
State Revolving Fund Loan Repayment	4,464,000	22,320,000	88,414,415	3rd Qtr. 1998	2nd Qtr. 2019
Transfer to Clean Water Financing Authority Debt Service Payment Fund	1,697,000	8,356,000	36,946,000	2nd Qtr. 1996	4th Qtr. 2020
Unanticipated/Critical Repairs	250,000	1,250,000	*	Ongoing	Ongoing
WPCP Reliability Improvements	600,000	2,609,000	88,821,123	2nd Qtr. 2003	2nd Qtr. 2009
Total: Construction/Non-Construction	45,371,000	132,020,000			
Ending Fund Balance	9,809,673	420,673 **			
Total: Water Pollution Control Capital Program	55,180,673	132,440,673 **			
<u>Water Utility System</u>					
<u>Capital Program</u>					
Advance System Design	310,000	1,650,000	*	Ongoing	Ongoing
Castleton Drive Main Replacement		20,000	680,000	3rd Qtr. 2010	2nd Qtr. 2012
Edenvale Well #13 Rehabilitation	45,000	250,000	250,000	3rd Qtr. 2005	2nd Qtr. 2007
Edenvale Well #4	757,000	757,000	1,104,082	3rd Qtr. 2002	2nd Qtr. 2006
Evergreen Hydraulic Model	200,000	200,000	200,000	3rd Qtr. 2005	2nd Qtr. 2006
Gold Street Main Relocation	221,000	221,000	500,842	3rd Qtr. 2003	4th Qtr. 2005
Infrastructure Improvements	400,000	2,120,000	*	Ongoing	Ongoing
Loan Repayment to Sewage Treatment Plant Connection Fee Fund	700,000	3,500,000	6,650,000	3rd Qtr. 2004	3rd Qtr. 2013
Major Facilities Fee Administration	15,000	75,000	*	Ongoing	Ongoing
Major Water Facility Fee Update	80,000	80,000	80,000	3rd Qtr. 2005	2nd Qtr. 2006

Capital Program Summary by City Service Area

Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
<u>Water Utility System</u> (Cont'd.)					
<u>Capital Program</u>					
Master Plan Engineering	60,000	345,000	*	Ongoing	Ongoing
Meter Installations	300,000	1,540,000	*	Ongoing	Ongoing
Montague Turnout		326,000	5,926,000	3rd Qtr. 2009	1st Qtr. 2013
Network System Flow Improvements	30,000	81,000	*	Ongoing	Ongoing
Nortech Parkway East Loop Main		753,000	753,000	3rd Qtr. 2007	2nd Qtr. 2009
North Coyote Valley Water System	175,000	175,000	8,088,877	2nd Qtr. 2001	3rd Qtr. 2004
North First Street Parallel Main	169,000	1,821,000	3,310,087	3rd Qtr. 2008	2nd Qtr. 2010
North San José Well Site Improvements	180,000	180,000	180,000	3rd Qtr. 2005	2nd Qtr. 2006
Norwood Pump Station Replacement		803,000	803,000	3rd Qtr. 2006	2nd Qtr. 2008
Preliminary Engineering	42,000	230,000	*	Ongoing	Ongoing
Remington Drive Main Replacement	180,000	180,000	520,000	3rd Qtr. 2004	3rd Qtr. 2005
Reserve for System Growth Related Projects	1,400,000	1,400,000	1,400,000	N/A	N/A
Reserve for System Rehabilitation/Replacement	1,539,000	1,940,000	1,940,000	N/A	N/A
Reservoir Seismic Retrofit	100,000	200,000	305,510	Multi-phase	Multi-phase
Security Improvements	150,000	300,000	450,000	3rd Qtr. 2004	2nd Qtr. 2007
Service Installations	340,000	1,800,000	*	Ongoing	Ongoing
System Maintenance/Repairs	420,000	2,260,000	*	Ongoing	Ongoing
Taffy Drive Main Replacement	250,000	250,000	270,000	3rd Qtr. 2004	4th Qtr. 2005
Villa Vista Reservoir Rehabilitation		250,000	250,000	3rd Qtr. 2006	1st Qtr. 2008
Water Management System Enhancements	3,000	3,000	*	Ongoing	Ongoing
Water Valve Rehabilitation	250,000	250,000	250,000	3rd Qtr. 2005	3rd Qtr. 2006
Total: Construction/Non-Construction	8,316,000	23,960,000			
Ending Fund Balance	1,571,824	1,806,824 **			
Total: Water Utility System Capital Program	9,887,824	25,766,824 **			

Capital Program Summary by City Service Area
Environmental and Utility Services

	2005-2006 Budget	2006-2010 CIP Budget	Total Budget (All Years)	Start date	End date
CSA Total: Construction/Non-Construction	100,322,974	281,253,974 **			
Ending Fund Balance	17,524,733	4,930,733 **			
CSA Total:	117,847,707	286,184,707 **			

* Total Budget information is not provided due to the ongoing nature of this project.

**The 2005-2006 through 2008-2009 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.